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USEC BRUSSELS 994

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E.O. 11652: GDS

TAGS: PFOR, UR, XH

SUBJECT: THE SOVIETS AND EASTERN EUROPE

REF: STATE 175239

1. SUMMARY. THIS CABLE SUGGESTS THAT WHILE CSCE PER SE IS
UNLIKELY TO HAVE A STRONG DIRECT IMPACT IN SOVIET/EE RELATIONS,
IT HAS FORTIFIED THE EAST EUROPEAN LICENSE FOR CONTACTS WITH THE WEST,
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AND HELPED CREATE AN ATMOSPHERE WHERE THESE COUNTRIES CAN MORE EASILY
PRESERVE DIVERSITY. QUESTION OF CSCE IS EFFECT IN SOVIET EE
EMPIRE, HOWEVER, RAISES LARGER ISSUES. SOVIET DOMINION
REMAINS POLITICAL IN ITS INSTRUMENTALITIES, BUT OVER

PAST FIFTEEN YEARS SOVIET ECONOMIC GROWTH AND PECULIAR ECONOMIC STRUCTURE IMPOSED ON EE BY STALINIST INDUSTRIALIZATION HAS PERMITTED SOVIETS TO SUPPLEMENT POLITICAL DOMINATION WITH A SEMI-AUTOMATIC MECHANISM OF "NATURALLY" INCREASING ECONOMIC DEPENDENCE.

2. WHILE LOOMING SOVIET RAW MATERIALS CONSTRAINS MAY FORCE ADJUSTMENTS AND COULD BRING CRISIS IN 1980'S, ON ASSUMPTION CURRENT TRENDS WILL CONTINUE WE SUGGEST A MID-TERM POLICY APPROACH DESIGNED TO STRENGTHEN TRADITIONAL WESTERN EFFORTS TO SLOW INTEGRATION PROCESS AND MAXIMIZE EE INDEPENDENCE. IN GENERAL, WE SUGGEST MORE COORDINATED WESTERN APPROACH TO EASTERN EUROPE WITH MORE ACCENT ON ECONOMIC TIES; IN PARTICULAR WE SUGGEST HEIGHTENED STRESS ON BALKANS AS A REGION. IN THIS CONTEXT, THERE MAY ALSO BE SOME MERIT TO A MORE "ECONOMIC" ACCENT IN DEALING WITH THE DEVELOPED COMMUNIST NORTH (POLAND, GDR, CZECHOSLOVAKIA) AND ITS LARGE BUREAUCRACIES, AND A MORE "POLITICAL" ACCENT (USIS, EXCHANGES OF ALL KINDS, AND MILITARY-TO-MILITARY TIES WHERE POSSIBLE) IN EXPLOITING THE UNDERDEVELOPED SOUTH'S GREATER CAPACITY TO RESIST THE "SOCIALIST INTEGRATION" MECHANISM WHICH WORKS FOR THE SOVIETS OF ITS OWN ACCORD. END SUMMARY.

CSCE AND SOVIET-EAST EUROPEAN RELATIONS

3. WE HAVE NOT SEEN, AND DO NOT EXPECT TO SEE, MUCH POSITIVE EVIDENCE FOR CREATIVE APPLICATION OF CSCE PRINCIPLES IN SOVIET-EAST EUROPEAN RELATIONS. THIS IS NOT TO SAY, HOWEVER, THAT THESE PRINCIPLES HAVE NO UTILITY FOR THE EAST EUROPEANS. ON THE CONTRARY, THE SOVIETS AND THEIR FOLLOWERS IN THE AREA HAVE NEVER MANAGED (OR DARED) FLATLY TO DENY THE ROMANIAN THESIS THAT CSCE IS GOOD FOR THE GANDER TOO. BY PLAYING INTRA-COMMUNIST SUMMITRY AS "CSCE IMPLEMENTATION" FROM TIME TO TIME, THEY MAY EVEN HAVE LENT OCCASIONAL BACK-CONFIDENTIAL

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HANDED SUPPORT TO THE IDEA THAT THESE PRINCIPLES, WHICH OVERLAP TO A CONSIDERABLE EXTENT WITH THOSE WHICH ARE SUPPOSED TO APPLY IN RELATIONS AMONG "SOCIALIST" STATES, HAVE GENERAL VALIDITY AND SHOULD HAVE PRACTICAL EFFECT WITHIN THE "SOCIALIST CAMP."

4. BUT THE COUNTERVAILING TENDENCY IS AND WILL CONTINUE TO BE PREDOMINANT, IN THEORY AND PRACTICE. ALTHOUGH THEY MAY HAVE DIFFERENT DEFINITIONS, EVEN THE ROMANIANS SUBSCRIBE TO THE THEORY THAT "INTER-SOCIALIST" RELATIONS ARE A NEW AND SEPARATE KIND OF INTERNATIONAL RELATIONS. IN PRACTICE, THE SOVIETS HAVE GONE TO GREAT LENGTHS, IN A PROCESS BEGINNING WELL BEFORE HELSINKI, TO ALIGN IDEOLOGICAL RANKS WITHIN THE EEA. THIS POLICY HAS

HAD SEVERAL PURPOSES--WARDING OFF UNWANTED IDEOLOGICAL TURMOIL, PUSHING FORWARD "SOCIALIST INEGRATIONS"--AND SEVERL INSTRUMENTS, OF WHICH THE MEETINGS OF PARTY IDEOLOGICAL SECRETARIES IS ONLY ONE. BUT ONE PRACTICAL SOVIET DESIRE WAS SURELY TO DAMPEN OR ELIMINATE TEMPTATIONS FOR MOST EAST EUROPEANS TO MANIPULATE CSCE PRINCIPLES

IN THEIR DEALINGS WITH THEIR LARGEST ALLY.

5. AS A RESULT, AT THE STRATEGIC LEVEL, IT SEEMS LIKELY THAT ONLY ROMANIA (AND, FROM ITS SPECIAL SITUATION, YUGOSLAVIA) WILL CONTINUE TO MAKE HAY IN THEIR RELATIONS WITH THE USSR AND OTHER "SOCIALIST" COUNTRIES BY THE LIGHT OF THE CSCE SUN. AT THE SAME TIME, THERE ARE TWO KINDS OF "EFFECTS," AT WHAT MIGHT BE DESCRIBED AS THE LOW AND HIGH ENDS OF THE POLICY SCALE, WHICH SHOULD BE RELATED TO CSCE AND TAKEN INTO ACCOUNT IN ASSESSING ITS IMPACT ON SOVIET--EE RELATIONS.

6. FIRST, CSCE CAN BE MADE TO SERVE AS A KIND OF WARRANT FOR THE HETEROGENEITY OF PRACTICE WHICH EXISTS BETWEEN THE USSR AND EASTERN EUROPE. ON JULY 16 NOVVOYE VREMYA PUBLICIZED A TALK SOVIET JOURNALISTS HAD WITH HUNGARIAN DEPUTY FOREIGN MINISTER NAGY, IN WHICH NAGY DESCRIBED HUNGARIAN CSCE IMPLEMENTATION MEASURES WHICH GO BEYOND WHAT THE SOVIETS THEMSELVES HAVE DONE (IN FACILITATING FOREIGN TRAVEL FOR HOME-COUNTRY NATIONALS).
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THIS IS ONLY ONE OF MANY INSTANCES WHERE EAST EUROPEAN PRACTICE IS DIFFERENT FROM, AND SIGNIFICANTLY MORE LIBERAL THAN, THE SOVIET. TO TAKE A CASE INVOLVING "INTER-SOCIALIST" RELATIONS, THE POLISH-GDR OPEN BORDER EXPERIMENT IS NOT THE KIND OF IDEA THE SOVIETS WOULD ADOPT. IT IS SIGNIFICANT THAT NAGY WAS TALKING ABOUT TRAVEL TO THE WEST (OUTSIDE THE "SOCIALIST CAMP"), BUT IT IS ALSO SIGNIFICANT THAT HE APPLIED THE CSCE LABEL TO A MEASURE WHICH GOES BEYOND SOVIET PRACTICE, AND THAT A SOVIET JOURNAL PRINTED THE NEWS. AT THIS LOW SPECIFIC LEVEL, THEN, CSCE MAY SHORE UP EXISTING DIVERSITY.

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7. SECOND, CSCE HAS MORE GENERAL USES FOR THE EAST EUROPEANS. ITS VALUE AS A FORUM IN WHICH CONTACTS WITH WESTENERS COULD BE MAINTAINED AND DEVELOPED LEGITIMATELY (IN SOVIET EYES) WILL EXTEND AT LEAST TO BELGRADE. BEYOND THIS FORMAL AND SPECIFIC USE, HOWEVER, THE CSCE PROCESS AND ITS RESULTS HAVE MADE IT MORE DIFFICULT FOR THE SOVIETS TO BE BEASTLY TO THEIR ALLIES IN EASTERN EUROPE. EVEN DRIVING THE BEASTLINESS UNDERGROUND, OUT OF THE LIGHT OF DAY, IS AN IMPORVEMENT, WE CONFIDENTIAL

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THINK, IN TERMS OF SOVIET PRACTICE.

THE STRUCTURE OF THE SOVIET EAST EUROPEAN EMPIRE

8. THE LARGER ISSUES OF SOVIET POLICY TOWARDS EASTERN EUROPE CAN BE ADDRESSED AT MANY LEVELS AND IN MANY TIMEFRAMES. SOVIET DOMINION CONTINUES TO REST LARGELY ON ARMED FORCE AND POLITICAL INSTRUMENTATION. TROOP STATIONING, KGB MANEUVERING, PARTY SUPREMACY, AND ABOVE ALL THE THREAT OF ANOTHER MILITARY INTERVENTION ARE THE CEMENT OF THE RELATIONSHIP; MEMORIES OF 1953, 1956 AND 1968 ARE STRONG, AND THERE IS LITTLE REASON FOR THEM TO DIE OUT.

9. THIS EAST EUROPEAN EMPIRE IS VITAL TO THE SOVIETS

FOR MANY FUNDAMENTAL POLITICAL AND PSYCHOLOGICAL REASONS. BY ENDING THE TERRIFYING ISOLATION OF THE INTERWAR YEARS AND CREATING THE "WORLD SOCIALIST SYSTEM.", IT VINDICATED THIRTY YEARS OF SACRIFICES AND GAVE THE SOVIET PARTY-STATE INTERNATIONAL BREATHING ROOM. IT RIGHTED PAST "WRONGS", INCLUDING THE LOSS OF SUBSTANTIAL PORTIONS OF THE OLD EMPIRE. IT GUARANTEED NON-REPETITION OF THE GERMAN INVASION. BY EXPANDING THE AREA OF "SOCIALIST" RULE, IT MITIGATED THE DRACONIAN REQUIREMENTS OF "SOCIALISM IN ONE COUNTRY." IT POINTED THE WAY TO A BENIGN, "CORRECT" FUTURE: AN IMPREGNABLE "SOCIALIST CAMP," GROWING IN STRENGTH AND VIRTUE, STEADILY INCREASING ITS "AUTHORITY," ACTING AS AN EXAMPLE AND POLE OF ATTRACTION FOR THE DECAYING "WORLD CAPITALIST SYSTEMS."

10. THESE ATTRACTIONS WILL REMAIN TRANSCENDENT FOR THE SOVIETS FOR THE UNLIMITED FUTURE. THERE IS NOTHING MORE IMPORTANT TO THEM. THIS VISION FOR A BETTER FUTURE (AND WORSE PAST) WILL CONTINUE TO SHAPE MOSCOW'S PURPOSES AND POLICIES IN EASTERN EUROPE. IN FACT, THE SOVIETS PROBABLY SEE THEMSELVES WORKING TOWARD THE DAY WHEN EASTERN EUROPE AND THE USSR WILL BE ONE COMBINED SOCIALIST WORKSHOP, WITH SOVIET MANAGERS AND EAST EUROPEAN FOREMEN, AND WITH POLITICAL BOUNDARIES AS THE ONLY GENUINE REMINDERS OF OTHER VANISHED SUPREMACIES. KHRUSHCHEV'S CALL FOR EVAPORATION OF FRONTIERS HAS NOT
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BEEN REPEATED, BUT LIKE SO MANY OF HIS "HAREBRAINED SCHEMES," THE SCHEME IN ALL LIKELIHOOD REMAINS AFTER THE HARE HAS GONE.

11. FURTHERMORE, THERE IS ANOTHER FACET OF SOVIET DOMINION IN EASTERN EUROPE WHICH IS NOT SO READILY APPARENT. THESE THIRTY YEARS HAVE WITNESSED REMARKABLE OVERALL CONSISTENCY IN SOVIET GOALS AND PRACTICE. BUT THEY HAVE ALSO WITNESSED A MAJOR CHANGE IN THE WAY THESE GOALS WERE PURSUED, A CHANGE WHICH IN THE FIRST INSTANCE REFLECTED DEVELOPMENTS IN THE STRENGTH AND STRUCTURE OF THE SOVIET ECONOMY.

12. IN THE EARLY POST-WAR YEARS, HAVING CONQUERED THEIR NEW EMPIRE, THE SOVIETS HAD PRECISELY NOTHING TO OFFER THE EAST EUROPEANS, WHEN THEY DECIDED TO IMPOSE STALINIST UNIFORMITY, BEYOND THE RED ARMY, THE FEARED TECHNIQUES OF THE KGB, WHATEVER COMMUNIST IDEALISM THE LOCAL PARTIES COULD MUSTER, AND A PLETHORA OF NATIONALIST SLOGANS WITH NO APPARENT CONTENT. THE SOVIET UNION ITSELF WAS A RUINED COUNTRY, HELD TOGETHER BY TERROR. EXPROPRIATION WAS ALMOST THE ONLY FORM OF "INTER-SOCIALIST" ECONOMIC RELATIONS AVAILABLE TO THE KREMLIN

AT THAT TIME. IN CONSEQUENCE, SOVIET DOMINION IN THE LATE 1940'S AND EARLY 1950'S WAS ENTIRELY MILITARY AND POLITICAL.

13. THIS HAD AN IMPORTANT COROLLARY WHEN THE EMPIRE THREATENED TO SHATTER IN THE MID-1950'S. NATIONAL SUBSERVIENCE WAS IMPOSED IN THE NAME OF NATIONAL INDEPENDENCE: EACH COUNTRY MARCHED INTO THE "SOCIALIST CAMP" UNDER THE BANNER OF ABSOLUTE SOVEREIGNTY, CLAIMING THAT SOCIALISM WAS THE FULFILLMENT OF EVERY HISTORICAL NATIONAL IDEAL. THE THEORY, IN FACT, WAS AS NATIONALIST AS THE REALITY WAS SUBMISSIVE. TO TAKE BUT ONE EXAMPLE, EVEN TODAY THE CEMA CHARTER IS FAR STRONGER ON NATIONAL SOVEREIGNTY THAN THE TREATY OF ROME, AND THE DEGREE OF REAL INTEGRATION WHICH HAS TAKEN PLACE IN WESTERN EUROPE UNDER EEC AUSPICES HAS FAR MORE SUBSTANTIAL LEGAL AND INSTITUTIONAL VALIDATION THAN "SOCIALIST ECONOMIC INTEGRATION" IN THE EAST. AS
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ONE RESULT, WHEN THE FIRST CRISIS CAME IN 1956 THE DEMANDS WERE LARGELY FOR MORE NATIONAL POLITICAL INDEPENDENCE, AND THE SOVIETS WERE FACED WITH THE STARK CHOICE OF MORE OR LESS POLITICAL FORCE.

14. SINCE THE 1950'S, HOWEVER, TWO PROCESSES HAVE EXPANDED THE RANGE OF OPTIONS. ON THE ONE HAND, THE SOVIET ECONOMY GREW, AND, IN PARTICULAR, LARGE SURPLUSES OF RAW MATERIALS, ESPECIALLY OIL AND IRON ORE, CAME ON LINE AT THE END OF THE DECADE. ON THE OTHER HAND, SOVIET-STYLE INDUSTRIALIZATION, APPLIED UNIFORMLY IN RESOURCE-POOR EASTERN EUROPE, PRODUCED ECONOMIES WHICH "NATURALLY" BECAME MORE AND MORE DEPENDENT ON THE SOVIET UNION AS THEY DEVELOPED. "SOCIALIST INDUSTRIALIZATION" MEANT MORE AND MORE SECOND-RATE MACHINES REQUIRING EXPENSIVE INPUTS OF RAW MATERIALS. SINCE THE SOVIETS WERE AND ARE ANXIOUS TO SELL SUCH RAW MATERIALS FOR SUCH MACHINES, AS NO ONE ELSE CAN OR WILL, THE USSR HAS INEXORABLY BECOME MORE IMPORTANT TO THE EAST EUROPEANS BOTH AS A SUPPLIER AND AS A MARKET.

15. THIS INCREASING STRUCTURAL DEPENDENCE HAS BEEN AN IMPORTANT FACTOR IN THE EXERCISE OF SOVIET CONTROL OVER EASTERN EUROPE SINCE ABOUT 1960. THERE ARE A LIMITED NUMBER OF WAYS FOR THE EAST EUROPEANS TO BREAK OUT OF THIS VICIOUS CIRCLE, OR AT LEAST TO MITIGATE THE CONSTRAINTS OF LIVING WITHIN IT. AMONG THOSE WHICH HAVE BEEN TRIED, THE MORE IMPORTANT ARE: TO HAVE OR DEVELOP RAW MATERIALS, TO REMAIN "UNDERDEVELOPED," TO REFORM THE ECONOMY, TO TRADE WITH THE WEST. BARTER TRADE WITH LDC'S HAS ALSO BEEN AN OPTION. USUALLY THESE VARIOUS MEANS HAVE BEEN TRIED IN COMBINATION.

POLAND AND ROMANIA HAVE RESOURCES WHICH CAN BE TRADED WITH THE WEST; THE GDR HAS FEW RESOURCES, BUT HAS RESHAPED ITS ECONOMY TO ALLOW BETTER EXPLOITATION IN TRADE OF ITS PRIVILEGED TIES WITH THE USSR AND THE FRG, HUNGARY HAS REFORMED ITS ECONOMY THE BETTER TO TRADE WESTWARD; BULGARIA, ALONE OF ALL THE AREA STATES, HAS RETAINED A KIND OF AGRICULTURAL VOCATION WHICH PERMITS IT TO BARGAIN MORE EFFECTIVELY IN "INTRA-SOCIALIST" TRADE; CZECHOSLOVAKIA, THE MOST DEVELOPED AT THE
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OUTSET AND THE FIRST TO BE CAUGHT IN THE VICIOUS CIRCLE, TRIED TRADE WITH THE THIRD WORLD AND THEN ECONOMIC REFORM, AND HAS ENDED UP FOR POLITICAL AS WELL AS ECONOMIC REASONS BACK ON THE SOVIET DOORSTEP.

16. EVEN IN THE ROMANIAN CASE, HOWEVER, THE GENERAL MECHANISM CONTINUES TO TURN OVER SMOOTHLY FROM THE KREMLIN'S POINT OF VIEW, ROMANIA IS THE AREA COUNTRY LEAST WILLING TO FORESAKE OR MODULATE THE KIND OF STALINIST INDUSTRIALIZATION WHICH PRODUCES THE VICIOUS CIRCLE EFFECT: AN INDUSTRY WHICH CANNOT EASILY SELL ITS PRODUCTS ON HARD-CURRENCY MARKETS, WHICH ABSORBS MORE AND MORE OF WHAT DOMESTIC RAW MATERIALS EXIST, AND WHICH REQUIRES MORE AND MORE RAW MATERIAL INPUTS FROM OUTSIDE, FOR WHICH THE COUNTRY CANNOT PAY. THE FACT THAT ROMANIA IS NOW BARGAINING HARD WITH THE SOVIETS REFLECTS ROMANIAN NEED QUITE AS MUCH AS SOVIET PRESSURE.

17. IN FACT, RELATIONS WITHIN THE "SOCIALIST CAMP" ARE NOW "MUTUALLY ADVANTAGEOUS"-- ALL SIDES HAVE SOMETHING TO GIVE. AND, ALTHOUGH THEY ARE ALSO UNEQUAL-- SINCE THE SOVIETS NEED LESS ECONOMICALLY, AND HAVE MORE TO GIVE--THIS TURN TOWARD AN ECONOMIC FOCUS HAS PERMITTED THE USSR SUBSTANTIALLY TO SUPPLEMENT THE OLD STALINIST POLITICAL MECHANISMS WITH VERY EFFECTIVE ECONOMIC MECHANISMS TO HOLD ITS EAST EUROPEAN EMPIRE TOGETHER. OVER THE PAST FIFTEEN YEARS, FURTHERMORE, THE SOVIETS HAVE DEVELOPED A FAR LIGHTER POLITICAL TOUCH IN RUNNING THE MACHINE, AND THE TECHNICAL SKILL, IN TERMS OF PLANNING AND RESOURCE ALLOCATION, TO MAKE IT SEEM "RATIONAL", EVEN TO OTHERS. THE TRICK IS NOW TO MAKE THE EAST EUROPEANS OFFERS THEY CANNOT REFUSE.

TWO COROLLARIES

18. TWO FACTORS COMPLICATE THIS BASIC PICTURE. FIRST, THE SMOOTH FUNCTIONING OF THE MECHANISM DEPENDS TO A VERY SUBSTANTIAL DEGREE ON THE CONTINUING AVAILABILITY OF LARGE SOVIET RAW MATERIAL INPUTS FOR EASTERN EUROPE. HOWEVER, IF PRESENT TRENDS CONTINUE THE SOVIETS MAY FACE A SITUATION OF REDUCED EXPORT CAPACITY IN SOME KEY

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RAW MATERIALS IN THE NEXT DECADE. CONCEIVABLY, THEREFORE,
THE 1980'S COULD BRING ANOTHER STRUCTURAL CRISIS IN THE
SOVIET--EE RELATIONSHIP.

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19. SECOND, DESPITE ALL THE RECENT ATTENTION TO CEMA,
TO "SOCIALIST DIVISION OF LABOR," AND TO INTEGRATION,
IT IS WELL TO REMEMBER THAT THE SOVIET UNION PURSUES ITS
GOALS IN EASTERN EUROPE LARGELY THROUGH BILATERAL
CHANNELS. THE REAL EVENTS IN AREA POLITCS ARE NOT THE
HEADLINE MULTILATERAL SUMMITS BUT THE BILATERAL TRADE
AND ECONOMIC NEGOTIATIONS NOED IN IZVESTIYA'S BACK
PAGES. SO LONG AS EACH AREA COUNTRY IS COMPETING WITH
THE OTHERS FOR SOVIET FAVOR, FOR SHARES OF SOVIET

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PRODUCTION AND THE SOVIET MARKET, SOVIET CONTROL OVER THE INTEGRATION PROCESS--MILTILATERAL IN FORM, BILATERAL IN CONTENT--IS ASSURED.

THE SHAPE OF WESTERN POLICY

20. THE WEST'S HISTORIC ROLE HAS BEEN TO ENCOURAGE EAST EUROPEAN COUNTRIES TO KEEP ALIVE THE SPIRIT AND EXPAND THE SUBSTANCE OF NATIONAL INDEPENDENCE, BOTH ON PRINCIPLE AND AS A CONSTRAINT ON SOVIET POWER. THE WEST HAS REAL ACCOMPLISHMENTS TO ITS CREDIT IN EASTERN EUROPE, AND WILL CONTINUE TO HAVE AN ESSENTIAL VOICE IN THE WAY THE SOVIET-EAST EUROPEAN RELATIONSHIP DEVELOPS. IN A BASIC SENSE, OUR PRESCRIPTION FOR THE WEST IS SIMPLY MORE OF THE SAME: FROM OUR VANTAGE POINT, WE CANNOT SEE STARTLINGLY NOVEL POSSIBILITIES WHICH HAVE NOT ALREADY BEEN TRIED.

21. AT THE SAME TIME, THE INCREASINGLY ECONOMIC AND INCREASINGLY INTEGRATED STRUCTURE OF THE SOVIET-EAST EUROPEAN RELATIONSHIP WARRANTS A HEIGHTENED ACCENT, IN THE WEST, ON AN ECONOMIC AND ON A MILTILATERAL APPROACH. TO SOME EXTENT THIS IS ALREADY HAPPENING, WITH THE ADVENT OF THE EEC'S COMMON COMMERCIAL POLICY, THE NEED TO GRAPPLE WITH CEMA'S PROPOSAL OF AN EEC-CEMA AGREEMENT, AND OUR PROPOSAL FOR A MORE COORDINATED AND MORE POLITICALLY AWARE APPROACH TO WESTERN CREDIT POLICY. IT IS EVEN CONCEIVABLE THAT CSCE WILL HAVE A MARGINAL INFLUENCE ON THIS PROCESS. BUT IT MAY BE WORTHWHILE TO CONSIDER A MORE SYSTEMATIC APPROACH, AND ONE MORE SYSTEMATICALLY RELATED TO THE SOVIET-EE "INTEGRATION MECHANISM" ITSELF.

22. WE SUGGEST THAT, THROUGHOUT EASTERN EUROPE, WESTERN COUNTRIES SHOULD DO WHAT THEY CAN TO INCREASE TRADE AND ECONOMIC COOPERATION WITH INDIVIDUAL STATES, AS BEFORE. BUT, MORE THAN BEFORE, THEY SHOULD BE AWARE THAT IT WILL REQUIRE POLITICAL WILL, AND GOVERNMENT ENCOURAGEMENT, TO KEEP EAST EUROPE'S ECONOMIC TIES WITH THE WEST GROWING FASTER THAN ITS TIES WITH THE USSR. WHILE THE EAST EUROPEANS WANT THE FORMER, THEY NEED THE LATTER, AND THEIR ECONOMIES ARE NOT ALWAYS ATTRACTIVE OR COMPATIBLE

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FOR WESTERN BUSINESSMEN. IN PARTICULAR, WE SHOULD PAY SPECIAL ATTENTION TO THE TWO AREA COUNTRIES WHOSE RESOURCE BASES STILL SUPPORT EXPANDING WESTERN TRADE: POLAND AND ROMANIA.

23. IN THE CONTEXT OF THIS GENERAL "ECONOMIC" THRUST, HOWEVER, WE SHOULD PERHAPS DEVOTE HEIGHTENED ATTENTION TO THE BALKANS AS A REGION. GENERALLY SPEAKING, IT SEEMS TO US THAT THE LONG RANGE POLITICAL AND ECONOMIC CAPACITY FOR INDEPENDENCE IS GREATER IN SOUTHEASTERN EUROPE THAN IN THE NORTHERN TIER (POLAND, CZECHOSLOVAKIA, THE GDR), BECAUSE THE SOUTH IS LESS DEVELOPED, AND THUS LESS SUBJECT TO THE SPECIAL "SOCIALIST INTEGRATION" MECHANISM WHICH WORKS FOR THE SOVIETS OF ITS OWN ACCORD. IT IS ALSO LARGELY FREE OF THE REA ARMY, A NOT INCONSIDERABLE FACTOR. AND WHILE CLEARLY IMPORTANT FROM A TIER SECURITY STANDPOINT, IT IS NOT AS VITAL STRATEGICALLY AS THE NORTHER TIER.

24. BALKAN COUNTRIES ARE NOT ALWAYS ATTRACTIVE PARTNERS: AS SMALL DEVELOPING SOCIETIES WITH LIMITED RESOURCES, THEY HAVE FRAGILE POLITICS, AND ARE SUSCEPTIBLE TO CAESARISM AND DICTATORIAL RULE. WHILE THE NORTHEASTERN EUROPEAN STATES HAVE COMPARATIVELY LARGE ECONOMIES AND WILL INCREASINGLY BE RUN BY CUMBROUS BUREAUCRACIES SENSITIVE, IN THE FIRST INSTANCE, TO "ECONOMIC" ARGUMENTS, IF NOT RATIONALITY, ROMANIA, BULGARIA AND EVEN YUGOSLAVIA (DESPITE MARKET SOCIALISM) ARE SMALLER SOCIALIST ECONOMIES WHICH WILL BE RUN OVER THE MIDDLE DISTANCE BY MORE TRADITIONAL EAST EUROPEAN ELITES FOR WHOM "POLITICAL" AND ESPECIALLY NATIONAL ISSUES ARE THE STAFF OF LIFE. THEY MAY BE AS UNCONGENIAL TO US AT TIMES AS THEY ARE TO THE SOVIETS, OR MORE SO. BUT FROM THE VANTAGE POINT OF SOVIET-EAST EUROPEAN RELATIONS, A WESTERN POLICY TOWARD THE BALKANS, IF AT ALL SUCCESSFUL, A COULD ENCOURAGE THE INDEPENDENCE OF THE SOVIET BORDERLAND AREA IN EUROPE WHICH LHAS THE GREATEST CHANCE OF KEEPING WHAT IT HAS AND EVEN GAINING MORE.

25. WE RECOGNIZE THAT IT IS DIFFICULT TO TRANSLATE THIS GENERAL POLICY APPROACH INTO DETAILED POLICY STEPS, AND
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ARE ACUTELY AWARE THAT WE ARE NOT IN A POSITION, FROM HERE, TO RECOMMEND STEPS WHICH TAKE INTO ACCOUNT ALL THE COMPLEXITIES OF THE SITUATION ON THE GROUND. IN PARTICULAR, WE REALIZE THAT AFRAMEWORK SUGGESTING EXPANDED TIES WITH "ECONOMICALLY-ORIENTED" ELITES IN THE NORTH AND "POLITICALLY-ORIENTED" ELITES IN THE SOUTH MAY CALL FOR DECISIONS ON RESOURCE ALLOCATION AS WELL AS POLITICAL INPUT WHICH ARE DIFFICULT IF NOT IMPOSSIBLE TO IMPOSE IN THE SHORT RUN. FOR EXAMPLE, THERE ARE AT PRESENT SIGNFIDCANT OBSTACLES TO FORWARD STEPS IN ECONOMIC RELATIONS WITH CZECHOSLOVAKIA AND THE GDR, OR IN AMELIORATING POLITICAL RELATIONS WITH BULGARIA, OR IN ESTABLISHING MILITARY RELATIONS WITH ROMANIA. THE APPROACH WE OUTLINE BELOW IS THEREFORE ONLY INTENDED

AS A KIND OF FRAMEWORK FOR THINKING ABOUT THE MIDDLE
AND LONG TERM ASPECTS OF U.S. POLICY TOWARD THE AREA.

26. IN THAT PERSPECTIVE, IT APPEARS TO US THAT OUR MAIN
THRUST TOWARD EASTERN EUROPE OVER THE NEXT FEW YEARS,
TO THE EXTENT THAT ANY INNOVATION IS CALLED FOR, SHOULD
BE:

--TO ENCOURAGE A COORDINATED WESTERN APPROACH
STRESSING DEVELOPMENT OF ECONOMIC TIES WITH ALL AREA
COUNTRIES;

--TO FORMULATE A CONSISTENT WESTERN POLICY
TOWARD THE BALKANS AND TO PROMOTE BALKAN REGIONALISM AND
TIES BETWEEN COMMUNIST AND NON-COMMUNIST NATIONS IN THE
AREA;

--TO ACCENT THE ECONOMIC IN OUR RELATIONS WITH
THE NORTHERN COUNTRIES: TRADE MISSIONS, TRADE REPRESENTATIVES,
BUSINESS FACILITATION AND USG ENCOURAGEMENT SHOULD BE THE NAME OF THE GAME IN NORTHEASTERN
EUROPE; AND

--TO STRESS THE POLITICAL IN OUR RELATIONS WITH
ROMANIA, BULGARIA AND ALSO YUGOSLAVIA, BY BUILDING UP
USIS AND POLITICAL SECTIONS, PROMOTING ALL TYPES OF
EXCHANGES (AND MAKING SURE THAT ECONOMIC EXCHANGES
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DEVELOP VESTED INTERESTS IN COOPERATION WITH THE WEST),
AND BY DEVELOPING MILITARY-TO-MILITARY RELATIONS TO THE
EXTENT POSSIBLE.

27. IN MAKING THESE MODEST PROPOSALS, WE HAVE KEPT IN
MIND THAT THE BALKANS MAY GENERATE THE MOST SERIOUS
CRISIS IN SOVIET-EAST EUROPEAN AND EAST-WEST RELATIONS
SINCE CZECHOSLOVAKIA, AFTER TITO PASSES FROM THE SCENE.
WHILE BOTH EAST AND WEST ARE NOW SO SENSITIZED TO THE
DANGERS OF INSTABILITY AFTER TITO THAT WE MAY HAVE SOME
BREATHING SPACE EVEN HERE, WE HAVE PUT FORWARD THESE
THOUGHTS IN THE BELIEF THAT AN APPROACH OF THIS KIND WILL
PLACE THE WEST IN THE BEST POSSIBLE POSITION TO DEAL
WITH THE SPECIFIC POST-TITO CRISIS WHICH IS LOOMING, AS
WELL AS WITH THE LONGER-TERM TENDENCIES IN SOVIET-EAST
EUROPEAN RELATIONS.

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